

**WASHINGTON STATE OPPORTUNITY SCHOLARSHIP BOARD MEETING
TUESDAY, JANUARY 14, 2020, 1-3 PM, MICROSOFT CAMPUS**

MEETING MINUTES

The Board of Directors of the Washington State Opportunity Scholarship (WSOS) met on January 14, 2020, at the Microsoft headquarters in Redmond, Washington.

Board members: Miller Adams and Jane Park; Diane Cecchetti, Joelle Denney, Mack Hogans, Julie Sandler and Mike Wilson by phone

Additional attendees: Erin Ashley, Jane Broom, Kimber Connors, Karyl Gregory, Javana Cross Polenska and Steve Walker; Lianda Abraham, Edwin Antonio, Terrie Ashby-Scott, Theresa Britschgi, Meg Chambers, Mesa Herman, Angela Jones, Jenna Magnotti, Jessica Monger, Joanna Moznette, Hannah Olson, Sydney Parns, Cristal Rangel Peña, Stan Pichinevskiy, Dave Stolier, Keith Swenson, Aileen Tubo and Rachel Wyers by phone

Meeting Called to Order

Jane Park called the Board Meeting to order at 1:02 pm.

Approval of Minutes

Miller Adams moved that the minutes of the October 29, 2019, Board Meeting be approved. Mack Hogans seconded the motion, and it carried unanimously.

Mission Moment: Opportunity Scholar Story

Kimber Connors, WSOS Executive Director, introduced WSOS Scholar Edwin Antonio, a senior at UW. Antonio shared his story of growing up in Mountlake Terrace, being involved with the Running Start program at Edmonds Community College and applying to UW's Chemical Engineering and Biochemistry programs. He highlighted his experience this year as a WSOS Scholar Lead because it has been so fulfilling for him to help first- and second-year Scholars succeed. He is also serving as a volunteer coordinator for the UW Chapter of the American Institute of Chemical Engineers. He expressed great appreciation for WSOS because it has enabled him to focus on his studies and not take a part-time job. In the future, he plans to further his education by applying to medical school. He noted his brother, also an Opportunity Scholar, is graduating from UW Bothell.

When asked by Joelle Denney for his one piece of advice for the scholarship in general or the Scholar Lead program, Antonio suggested communications with Scholars regarding the scholarship be tailored to their individual programs. The Board expressed their appreciation to Antonio for sharing his experiences and wished him well in his future endeavors. Connors noted that Antonio will try to join the March Board meeting in person.

WSOS Next Steps

Connors introduced a question and answer discussion on the WSOS strategic priorities which she presented in detail at our last board meeting in October. Connors reviewed the three strategic priorities: 1) scalable, statewide programs; 2) build the brand; and 3) fund to 2030. She noted a fourth priority that underpins the three strategic priorities: maintain WSOS as a preferred workplace to ensure the right staff with the right skills are in place to support mission-critical work.

Adams' requested clarity on WSOS's theory of change and intended impacts. In response, Connors highlighted two intended impacts of WSOS: first, to help Scholars persist to graduation in five years and second, to land jobs within nine months post-graduation. Additionally, she noted WSOS's theory of change in how to reach these intended impacts is a combination of support services and financial support. Adams asked what else could be done to design for scale if WSOS had more time. Connors indicated the GRD program (Advanced Healthcare degree) would provide much needed impact, expanding WSOS's role into the graduate degree space.

When asked by Jane Park whether anyone from the Board had reached out to Connors with any concerns since these strategic priorities were first presented at the last Board meeting, Connors reported no one had expressed concerns. Several people, however, asked if she knew how large the \$200M goal is. She responded by saying are very fortunate to have the support of the state in providing half of the goal with the state match. Park asked Board members if they were in support of this new direction and called for discussion. The Board expressed full agreement in shifting the focus from sunseting WSOS to setting a new path forward given the impressive outcomes and impacts demonstrated in the data.

Denney suggested learning more about the GRD program as it pertains to the \$200M goal. Connors indicated that further information will be provided about the GRD at our March board meeting, specifically with our seeking a cornerstone partner. Erin Ashley, WSOS Development Director, stated that WSOS staff have undertaken a feasibility review to identify prospects to support WSOS in reaching the \$200M fundraising goal over the next ten years. The first anticipates raising \$10M from OpportunityTalks and recurring named scholarships that are already in place. Additionally, WSOS fundraising projections assume \$5M in interest earnings; of the \$200M goal, WSOS is anticipating \$100M from the state match, \$10M from already identified opportunities and \$5M in interest earnings, leaving \$85M to be fundraised from new sources. (Ashley also announced BECU Foundation committed to funding five BaS and five CTS scholarships with a \$162,500 commitment to be matched by the state which the Board acknowledged with gratitude.)

Ashley presented the WSOS team's development strategy would entail seeking donors based on five levels of partnership - from cornerstone partners who give \$15M+ to individual/small corporate or foundation gifts of less than \$50K. She reported that mid-level gifts and those less than \$50K have historically been our sweet spot. The overall goal of \$85M in pledges from all levels of partners through 2025 as follows: \$45M from cornerstone partners (\$15M+), \$20M from major gifts – level 1 (\$5M-\$14.9M), \$15M from major gifts – level 2 (\$500K-\$4.9M), mid-level gifts (\$50K-\$499K) and <\$50K from individual/small corporate or foundation gifts. Ashley stated that additional staff are needed to accomplish these fundraising goals, specifically a Major Gifts Officer and a Development Officer.

When asked by Park to describe the spend cycle, Connors stated she firmly believes the \$200M goal is achievable and now seeks approval to begin fundraising efforts. Connors committed to reporting progress on the goal to the Board over the next 18 months with close monitoring on if the goal needs adjustment. She added cohort sizes would not be increased until additional funds are in hand; the requested approval was to initiate reactivating fundraising efforts and goals. Current funding is available for BaS cohorts at 750 through 2025 and CTS cohorts at 550 through 2029 but new funding is needed to grow cohort sizes to 1,000 in each program and extend cohorts through 2030 in alignment with strategic priorities.

Connors introduced the topic of board engagement. She noted that Jim Sinegal and Antony Chiang need to be replaced on the Board and several board members need to decide about requesting reappointment by the Governor. Connors stated she will set up meetings with Ashley and each board member over the next month to update bios for our website, ask about term reappointment interest, discuss succession planning and solicit potential names for the WSOS Board and WSOS Finance & Investment Committee.

Connors reported that Gary Rubens would like to launch a Strategic Vision Committee within the Board and be the lead. The focus would be on discussing new programmatic initiatives and driving organization strategy. She stated that utilizing established networks for talking to the right people would be vital. Rubens and Connors anticipate developing a charter with roles and responsibilities which would then be brought to the Board for approval.

The Board engaged in a discussion regarding adopting the strategic priorities and approving the fundraising goals. Mike Wilson posited that the expanded fundraising is clearly merited based on WSOS' compelling results. He suggested that the state legislature be asked whether they have any other funding priorities that we could implement. Jane Broom, Senior Director/Microsoft Philanthropies, indicated that those in Olympia have expressed strong support for the GRD. If the legislation was passed, then the money will be forthcoming. Ashley stated WSOS is open to other programs if a funder expressed interest and the Legislature had a willingness to match. She reported the GRD state match maximum is currently capped at \$1M per biennium. State match monies are always contingent on private dollars raised.

Adams asked whether any other staff are needed beyond the Major Gifts Officer and Development Officer positions. Connors advised that two additional staff are needed on the External Affairs team to focus on tribal/county/municipal fundraising and to improve branding and marketing efforts. Finally, two advisors are needed to provide support services for CTS Scholars.

Diane Cecchettini noted that an external consultant is normally hired for managing a capital campaign. She asked if one has been identified to be sure we avoid any missteps. Connors stated that the current budget does not support an external consultant. Park recommended that additional money be allocated or raised for this purpose.

Park proposed the Board discuss the proposed 2020 WSOS budget before voting to adopt the strategic priorities and approve the fundraising goals. There being no issues raised, this approach was used and discussion moved to the proposed budget.

Proposed 2020 WSOS Budget

Connors identified increased staffing as the largest financial impact for accomplishing the strategic priorities. Cecchettini stated that she knows several external consultants who could support the major capital campaign and advised that one with experience will require an additional \$30-\$50K in the proposed budget.

Connors identified the additional staff needed to accomplish the strategic priorities: transition staff resources to GRD design and fundraising, two CTS Advisors to launch support services for ~1,000 participants, transition staff resources to advocacy work focused on tribal/county/municipal fundraising, add two more to the External Affairs team to improve branding and marketing work, a Major Gifts Officer plus a Development Officer to support reinvigorated fundraising efforts and secure first funders for GRD and Rural Jobs.

Connors presented the proposed 2020 WSOS budget and noted variances from the 2019 approved budget. Revenue is comprised of event, investment income, private gifts and the state match. Revenue goals for 2019 fell below budget due significantly to the decision to release Boeing funds rather than seek cornerstone partners for CTS in addition to the restructured Rubens Family Foundation gift. Fundraising costs will ramp up in 2020 but the new hires will likely not be onboarded until April. Revenue generation from the new strategy/relationship building efforts in 2020 will not likely hit until 2021. Also, there is a new delay in the state match revenue receipt. Scholarship expenses for 2019 were budgeted at \$25M but actuals were closer to \$16M with the scholarship modeling update. The budget for Scholarship expenses in 2020 has been set at \$11M due largely to the reduction in cohort sizes post-Rubens Family Foundation funds coupled with the scholarship model update. Personnel costs will increase by approximately \$595K with 6 new FTE and the 1.6% COLA for all staff. Other operating expenses are increased by \$185K as a result of expanding WSOS office space, expenses related to new hires and lobbying costs. The administrative fee will go up by about \$16K largely to cover CTS.

Connors reported that the WSOS Finance & Investment Committee formally approved the recommendation of the proposed budget to the Board. Hogans stated that WSOS has earned the right to grow based on their excellent performance. Hogans noted the Committee had discussed in executive session that the budget may understate the necessary Development costs. The Committee recommended that the budget be expanded if directed by the Board and the Committee would fully support the Board's decision.

Park asked how WSOS can be set up for success with the budget. Connors noted the value of hiring an external consultant to find an experienced Major Gifts Officer. Connors requested the Board authorize additional funds to support with development needs in consulting, recruiting or other areas.

Cecchettini made a motion the Board approve the budget with an additional \$30-\$50K set aside for Development costs/external consultant with approval by the Finance & Investment Committee. Discussion of the motion ensued. Hogans recommended research first be done by Connors to confirm the actual dollar amount needed without imposing a cap. Cecchettini amended her motion to approve the proposed budget as presented with a request Connors present an additional budget request at the next Board meeting in March. Park asked whether this would slow down the process of hiring. Connors stated that it would be preferred to hire someone before the March Board meeting. Park amended Cecchettini's motion as follows: approve the budget as presented giving the Finance & Investment Committee the ability to approve up to \$50K for Development

costs/external consultant and then the budget could be revisited at the March Board meeting if necessary. Hogans seconded the motion, and it passed unanimously.

Hogans made a motion to formally adopt the strategic priorities and approve the fundraising goals as presented. Julie Sandler seconded the motion and it carried unanimously. Jane Broom stated that Brad Smith is in full support of this decision because she and Connors met with Smith last week to discuss the agenda in detail.

Program Update

Connors presented a celebratory review of 2019 key accomplishments with WSOS programming and operations. Notable programming efforts included the launch of the Career & Technical Scholarship with the release of the Boeing endowment funds. In addition, the Scholar Lead program showed a higher retention rate from year one to year two and the refined supports proved more accessible and impactful. Lastly, the Skills that Shine program was transitioned to a brand-new curriculum platform and is primed to grow from 250 to 1,200 mentor-mentee pairs in 2020.

Connors also highlighted 2019 operations accomplishments. First, WSOS cleared the JLARC audit. After a comprehensive two-year review, the Legislative Auditor made two recommendations. Connors indicated that WSOS concurs with both recommendations: provide additional information in our annual legislative reports and include overall non-scholarship costs in our annual reports. Outcomes of the audit reflected clear, strong program impacts and low operating costs at 7%. Second, WSOS hosted its 5th annual OpportunityTalks and met our \$1M fundraising goal. Third, the new WSOS Legislative Report design incorporates JLARC's recommendations and reporting on the new Career & Technical Scholarship. Finally, key leadership roles at WSOS were filled with the new Executive Director hire in July and the new Deputy Director, Javania Cross Polenska, in November.

Connors presented the 2020 programming goals: grow the CTS by securing additional investments and launching support services, scale the Skills that Shine program to grow it from 250 to 1,200 mentor-mentee pairs and pilot the Industry Insider program by designing a delivery system for opportunities and growing industry engagement. Connors then identified the 2020 operations goals: secure a cornerstone partner for the GRD and Rural Jobs, expand office capacity and access the previously restricted \$500K for implementation costs. Budget proviso language has been included in the Governor's budget to access this money.

Legislative Report 2019

Steve Walker, WSOS Awards Administration Director, presented new additions to the Legislative Report including data on the new CTS, JLARC findings and operational expenses. He also reported on top-level highlights encompassing geography, economy and impact. BaS Scholars are represented in every county throughout the state. Walker noted that potential CTS students who live further away from a community college find it more challenging to attend. Per capita is disproportionate where we want it and a good spread of counties is represented.

Economic data indicates that our Scholars are filling the jobs our state needs most. The selection model for CTS is working effectively for shifting Applicants to Selects to actual job openings in Engineering/Manufacturing, Healthcare, Information Technology and Trades. The same holds true for the BaS selection model which is effectively putting these Scholars on the path to filling jobs in Biology & Biomedical Sciences, Engineering, Healthcare and Information & Computer Sciences, all jobs which are the most needed in WA.

Walker noted our selected BaS Scholars are underrepresented in Healthcare and Information & Computer Sciences. While many Healthcare Scholars are selected, many struggle to get into their major with the limited number of seats available. With Information & Computer Sciences, we are not receiving enough applicants and aim to target promotion to potential candidates in these fields. When Denney asked why they aren't more applicants in Computer Sciences, Walker advised there are fewer people wanting to enter that field. Broom stated that Microsoft is working to generate more interest among K-12 and increase the rate at which schools incorporate Computer Sciences in their curriculum. If students don't know the course exists, then they cannot take it. Change among schools is slow. In all 50 states, Computer Sciences counts as a math course. Denney, Broom and Angela Jones, Washington STEM's CEO, identified these key partner groups who can assist in the effort: WA Roundtable committees, Code.org and Washington STEM.

Walker reported that our BaS Scholars significantly outpace the national levels for women and black/Latinx by industry. Hogans posited that our legislators in Olympia might be interested in knowing comparable data for our state rather than the national figures included in Walker's presentation. Walker indicated he would seek that information. Jones stated her team works with OSPI and will talk to Walker offline.

Walker reported next on the dramatic impact of the BaS. He reported that BaS Scholars are almost 2.5 times more likely to graduate from college in four years than their peers. Further, one year after college they earn \$8K more than their peers. In addition, our Scholars are making double what their family makes five years post-graduation. They are indeed breaking intergenerational poverty. Walker reported the average cost of supporting a Scholar to graduation including everything is \$14K for the BaS and \$7K for the CTS. Given this information, the payoff is within one year after graduation for CTS Scholars and less than two years for BaS Scholars.

Park indicated this data is understated because it is not compared to students who never went to college. If that data was factored, our numbers would grow considerably and be an even better representation of the true effect of WSOS. Walker agreed that WSOS is transforming the lives of our Scholars.

Walker reported on operational expenses which indicate what it takes to make this impact over the past twelve months: 81% is scholarship expenses which includes direct scholarship disbursements (\$15M), 10% is administration costs which include Development and Management/General costs (\$2M) and 9% is programming costs which includes Awards, Success, Placement and Programs (\$1.7M).

Finance & Program Administrator Update

Hogans reported all the financial reporting is included in the pre-read materials. He stated the WSOS Finance & Investment Committee met last week and confirmed WSOS finances are well managed, there is strong alignment between forecast and revenue and all variances are easily explained. Funds managed by the Washington State Investment Board (WSIB) are performing near or beyond benchmarks. Preliminary fourth quarter results are positive. The Boeing donation was transferred out of the Endowment Account to fund the new CTS program. WSIB will formalize action on the CTS portfolio at their April board meeting.

Hogans reported that the Committee will be losing four of the members over the next few months. He and Connors have engaged in a discussion on succession planning and will be interviewing candidates in February. The goal is to choose at least one person from the east side of the state. Board members can send names to Connors or himself. When asked by Adams how many current members are on the east side, Hogans stated only one, Peter Harvey from Whitworth, but he resigned just over a year ago. Harvey represented not only the east side but also higher education. That representation would also be valuable on the Strategic Vision Committee especially with our pursuing partnerships with tribal/county/municipal communities.

Park expressed much appreciation to Connors for her leadership as WSOS's new Executive Director. Park invited Javania Cross Polenska, the new WSOS Deputy Director, to share a few comments. Polenska indicated she started her background in college admissions and then shifted to the private sector. She realized her heart was in education to change it. Being a first-generation college graduate, she wanted to devote herself to giving that gift to others. She joined a large K-12 network doing policy in Chicago and, after moving to Seattle, she worked at Educurious. Polenska is very excited to have joined the WSOS team.

Connors expressed her appreciation to Polenska for making the team stronger and for asking the right questions at the right time. Connors shared her gratitude for Park for leading the board meeting so effectively in Smith's absence.

The meeting adjourned at 2:53 pm.

Respectfully submitted,
Karyl Gregory